Headquarters U.S. Air Force

Integrity - Service - Excellence

SAE/CAE Panel on Acquisition of Services

Mr. Charles Riechers

Principal Deputy Assistant Secretary for Acquisition and Management

17 April 2007

CONGRESSIONAL TRANSCRIPTS
Congressional Hearings
July 18, 2006
Senate Armed Services Committee Holds
Hearing on Pending Nominations

Page 51:

SENATOR CARL LEVIN: (Ranking Member of SASC)

Ms. Payton: **The acquisition of contract services has been often neglected by senior Department of Defense acquisition officials who spend a majority of their time on the major weapons systems. As a result, we continue to spend billions of dollars for contract services without adequate assurance that we're getting our money's worth.**

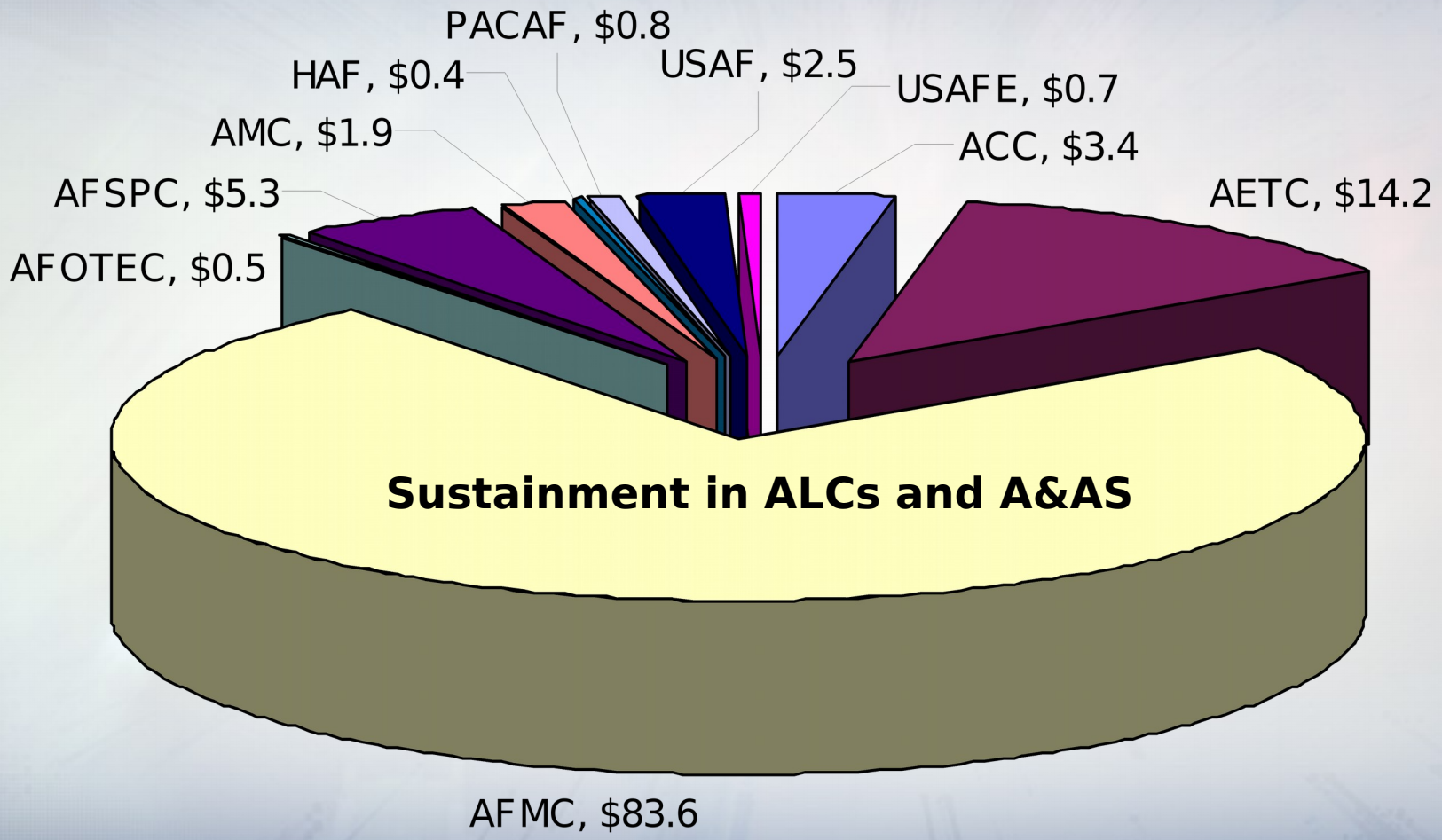
If confirmed, will you make it a top priority to improve the management of contract services by the Department of the Air Force?"

Ms. PAYTON:

Senator, if confirmed, this will be one of my top priority items.

Air Force Services Acquisition

*MAJCOM Market Share to Date**



***Dollars in Billions**

Air Force Services Acquisition
Portfolio

A&AS – $10.6B / 9 Months

Sustainment & Mission Support Services – $61.0B/12 months

R&D – $1.4B/10 months

Training – $1.4B/12 months

Base Operating Support $8.6B / 13 Months

Information Technology - $11.3B / 6 Months

Range Operations & Maintenance – $1.9B/13 months

Contingency Operations & Support – $10.6B/10 months

Operational or Base Level Maintenance – $6.5B/8

The Average Time from RFP to Award is 10 Months

Lessons Learned

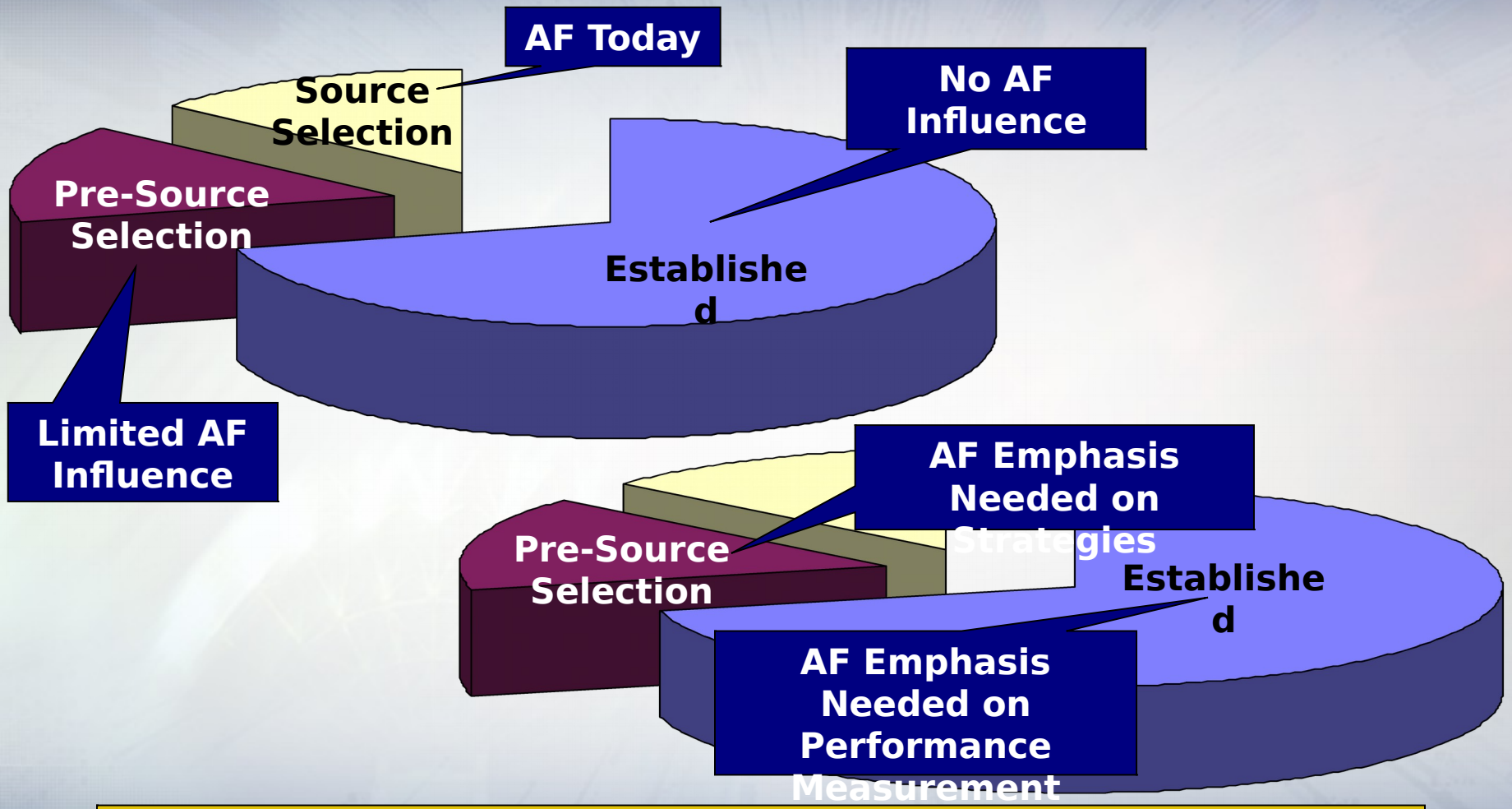
- **Requirements not well defined**
  - **Performance based approach**
  - **Alternative approaches - leverage contractor innovations (fresh perspective)**
- **Initiate early involvement to shape new acquisitions**
  - **Review programs with follow-on requirements with sufficient lead time to award**
  - **Work with MAJCOMs to focus on risks, strategies and program management**
- **Complexity of modern service acquisitions**
  - **Require more than the current COTR/ACO management structure**
  - **Stress objectivity during source selection**
- **Post Award**
  - **Need meaningful metrics (cost, schedule & performance)**

Challenges and Risks

- **Significant dollars (O&M Funding- $34B) but shrinking**
- **Growing complexity of requirements (integration & consolidation)**
- **Provide right level of support & critical skills for personnel necessary for services acquisition (e.g., PM, ACO, COTR…)**
- **AFSO 21 pushing efficiencies in processes**
- **Legislation driving management and oversight like weapons process**
- **“Weapon System” processes not designed for “services” acquisition**

Requires Services-Focused Solutions

Air Force Services Acquisition



Senior DoD Management and Oversight – Decentralized Execution

PEO/CM Mission

Manage and oversee the acquisition and delivery of Air Force operational and mission support services for today's warfighter

- Services > $1M or high risk actions >300 FTE
- Acquisition Authority
- Source Selection Authority
- Fee Determining Official
- Work with SAF/AQC on contracts below PEO/CM threshold

Air Force Program Executive Office Combat & Mission Support

ONLY PEO OFFICE DEDICATED TO SERVICE ACQUISITION

What it all comes down to…

- Our Vision:
  - War-winning capabilities
    - on time,
    - on cost

Heritage to Horizons:
Commemorating 60 Years of Air & Space Power

October 2006 – November 2007

Focus Areas

- **Credibility In Acq - *Process***
- **Preeminent Workforce - *People***
- **Game Changers - *Product***

The Immediate Action Plan:

- **The Baker's Dozen**

Desired End State: Lean Acq w/Integrity, Credibility

The Baker's Dozen

(13 in 12)

Desired End State: Lean Acq w/Integrity, Credibility

Service Acquisition Challenges

Multi-Pronged Approach

- **Early Involvement**
- **Training**
- **Outreach & Communications**
- **People & Guidelines**

Services Acquisition

- **Congressional concern!**
- **Services Acquisition Reform Act (SARA) in 2003 Charted an Advisory Panel to study "commercial practices"**
- **On-going GAO Audits**

Air Force Services Acquisition
Successes

- **Predator MQ-1**
  - **Competition resulted in significant cost savings - over $100M for life of contract**
- **Tinker Advisory & Assistance (A&AS)**
  - **Consolidated 68 separate unmanageable contracts into five multiple award IDIQ contracts managed by one program office**
- **Forward Operating Locations – Base Operating Support**
  - **Well defined requirements provided critical capability – mission dollars saved**